



For Immediate Release
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Grassley Seeks to Boost Charitable Services Via Economic Stimulus Bill

WASHINGTON – Sen. Chuck Grassley of Iowa is seeking to strengthen provisions in the economic stimulus bill that would help charities continue to provide their services to people in need. Grassley filed amendments to allow charities to reimburse volunteers at higher mileage rates than currently allowed and to require states to pay the non-profits with whom they've contracted to provide services before being able to receive increased federal funds in the stimulus package.

“A weak economy hurts charitable giving just when charitable services are most in need,” Grassley said. “These fixes are meant to encourage volunteer work and make sure non-profits get the money they're owed before states get a new infusion of federal cash.”

Grassley filed a bipartisan amendment, with Sen. Chuck Schumer, to update federal tax law restrictions on mileage reimbursement. The tax code restricts a charity from reimbursing its volunteer drivers more than 14 cents a mile because those drivers have to pay taxes on any amount in excess of 14 cents per mile. For those drivers who don't receive reimbursements from a charity but may be able to take a deduction for charitable miles driven, the tax code also limits that deduction to 14 cents a mile. The 14 cent rate is fixed in the tax code and has been for over 10 years. In contrast, IRS currently has the discretion to adjust the reimbursement and deduction rates for miles driven for business, medical or moving purposes. But IRS has not had the discretion to set the rate for charitable miles driven since 1984.

Grassley said charities in Iowa, such as Meals on Wheels and Big Brothers/Big Sisters, saw a noticeable decline in volunteers last year. “Since Iowa is a rural state where cities are far apart, volunteers often have to drive further than their urban counterparts to fulfill their volunteer commitment,” Grassley said. “Unfreezing the charitable mileage rate allows those charities on the front lines of the economic crisis to provide some incentives to volunteers.”

A second Grassley amendment would put conditions on states' receipt of their share of new federal funding in the stimulus bill. State and local governments often contract with charities to run programs such as foster care for children and shelters for the homeless. Charities consistently have problems with these governments making payments on these contracts on a

timely basis, and the economic crisis has caused even further delays in the timeframes for reimbursement. For example, on Feb.1, the state of California instituted a cash deferral plan under which the state will make only payments required by law, which does not include payments to its nonprofit contractors, according to charitable groups.

Grassley's amendment would condition states' receipt of their share of \$87 billion in the stimulus bill on being current on their payables to the charities with which they have contracted. This would be an alternative to the \$15 billion "bridge loan" proposal that one charitable umbrella group has promoted. "The idea is to give states an incentive to pay their bills so charities can continue to do their good work, which is needed now more than ever," Grassley said.

Grassley is the ranking member and former chairman of the Senate Committee on Finance, which writes tax policy.